

Chinese Buyers Lead International Purchases of U.S. Residential Real Estate, New Report Reveals

Article By:

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Chinese buyers bought more U.S. homes, for more money, than any other foreign buyers last year, according to a new [report](#) released by the **National Association of Realtors**. The report is based on a survey of realtors about existing home sales to foreigners over the period of April 2014 through March 2015; for purposes of the report, the terms “China” or “Chinese” comprehend mainland China, Hong Kong, and Taiwan.

Of the approximately 209 thousand home sales involving a foreign purchaser, individuals from China accounted for the largest share of transactions at 16 percent, up 9 percent since this data was last collected in 2007. Together, home buyers from China purchased a whopping \$28.6 billion worth of U.S. residential property during the year period. Impressively, this injection into the U.S. real estate market by Chinese buyers represented nearly double what Canadian buyers—the next largest foreign purchasing group and our geographic neighbors to the North—invested at \$11.2 billion. Indian nationals make up the third largest purchasing group, which funneled approximately \$7.9 billion into the American economy.

While the overall total number of homes sold to foreign investors dropped by about 10 percent since 2014, the upscale tastes of foreign buyers coupled with their quest for the American dream contributed to a still higher dollar volume, amounting to a total of \$104 billion in residential sales nationwide. During the 2014-15 period, the average price paid by foreign clients for a house was \$499,600, compared to the overall U.S. average house price of about \$255,600. An even greater wealth divide becomes apparent when we examine the average sale price involving Chinese buyers: \$831,800. This figure is over triple the average house price paid by domestic U.S. buyers and nearly double the average amount spent by individuals from the UK, the next spendingest group, coming in at \$455,600.

The coastal, temperate states of California and Florida continue to be the most popular destinations for foreign investors from all countries. Chinese buyers tend to favor California due to its proximity to their friends and relatives back home, with 57 percent of California foreign home purchases attributable to buyers from Asia.

Chinese Home Buyer Preference

12 months ending March 31, 2015

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| California | 35% |
| Washington | 8% |
| New York | 7% |
| Massachusetts | 6% |
| Illinois | 4% |
| Texas | 4% |
| Florida | 3% |
| Hawaii | 3% |
| New Jersey | 3% |
| Other States | 28% |

With the exponential explosion of China's economy, which now [boasts the second-most millionaires in the world](#), newly enriched Chinese nationals are looking for strategic ways to invest their wealth. This fact has been borne out within the context of the EB-5 Immigrant Investor Program as well, which has minimum threshold investment levels of \$500,000 and \$1 million and is very popular among Chinese visa-seekers. The U.S. Consulate in Guangzhou posted in a [March 3, 2015 blog](#) that, at that point, China had used more than 80 percent of the worldwide visa numbers available under the EB-5 annual limit, which is capped at 10,000 per year by Congress. Specifically, the U.S. Consulate in Guangzhou has issued the following number of EB-5 visas over the preceding three fiscal years: 8,237 in FY 2014; 6,198 in FY 2013; and 5,632 in FY 2012. With this increased pool of wealth in China, further fueled by a desire to educate their children in the U.S. and escape staggering pollution levels at home, it is of little surprise that the Department of State announced that Chinese nationals had used up all the visas allocated to them under the EB-5 program for FY 2015. That doesn't mean, however, that they cannot still purchase a home here at a bargain!

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